



# Financial Guarantees

For Subdivision Approvals

# 40D



A DDES Customer Information Bulletin



King County Department of Development and Environmental Services  
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<http://www.metrokc.gov/ddes/>

## Frequently Asked Questions

King County DDES has created customer information bulletins to inform the general public about the effect of codes and regulations on their projects. These bulletins are not intended to be complete statements of all laws and rules and should not be used as substitutes for them. If conflicts and questions arise, current codes and regulations are final authority. Because the codes and regulations may be revised or amended at any time, consult King County staff to be sure you understand all requirements before beginning work. It is the applicant's responsibility to ensure that the project meets all requirements of applicable codes and regulations.

### What is a financial guarantee?

A financial guarantee (FG) is a form of financial security posted by the applicant for a project to ensure timely and proper completion of improvements and compliance with the King County Code (K.C.C.). It serves as a mechanism to warranty materials, workmanship of improvements, and design performance of structures and/or improvements. FGs include assignments of funds, cash deposits, surety bonds, or other forms of financial security acceptable to the Director of the Department of Development and Environmental Services (DDES).

### What authorization does King County have to require financial guarantees?

King County Ordinance 12020 (K.C.C. Title 27A), adopted November 16, 1995, establishes the authority and procedures for accepting and enforcing FGs, with the intent of ensuring that development projects are completed and maintained in accordance with County approval conditions.

### Who may post a financial guarantee?

Only the applicant/owner of the property is allowed to post the FG. If you sell the project, it is the responsibility of the applicant/owner of the property to make arrangements for the new owner to replace the existing FGs. Until the FGs are replaced, the original owner remains responsible for completing the work.

### How many financial guarantees will I need to post for my project and when must I post them?

The number of FGs and the timing for posting them will depend on the project. If you have questions that are not answered by the following explanations, please refer to your preliminary approval for the short plat or the Hearing Examiner's report for your subdivision.

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**Right-of-way restoration and/or site stabilization/restoration** FGs are required for all site work performed in an existing King County right-of-way and for any work associated with erosion/sedimentation control on the site itself. These FGs must be posted before plan approval and before starting any work on the site. The first \$7,500 of the right-of-way restoration and/or site stabilization/restoration FG must be posted in cash, or in the form of a personal, business, or cashier's check, as determined by the Director (refer to DDES Public Rules Chapter 9-04 for further clarification). The remaining amount of the FG may be cash, a surety bond, or an assignment of funds. For sites where both right-of-way and site stabilization work will be done, only one combined right-of-way restoration and site stabilization/restoration FG is required.

A **Plat improvement** FG is required per K.C.C. Title 19 before recording a subdivision if the required improvements have not been completed. Plat improvement/performance FGs are intended to ensure completion of required improvements and compliance with K.C.C. These FGs are required when an applicant requests permission to record a subdivision before completion of the required improvements. Final construction approval must be issued within two years from the date of recording. The time limit for performance guarantee compliance may be extended by six months at the Director's discretion, if circumstances beyond the control of the applicant warrant such an extension. These FGs are not released until after final construction approval is issued. These FGs are accepted and released by FGMU and authorized by K.C.C. Titles 19 and 27A.

The Director may, however, grant a reduction in the amount of a performance guarantee in accordance with King County's cost estimate of the uncompleted work. No more than one reduction will be allowed per project. A reduction shall not exceed 70% of the initial guarantee value, including contingency. A request for a reduction must be in writing, addressed to the Land Use Inspection Section, and accompanied by a schedule for completion of the remaining work.

The **Right-of-way and drainage facility two-year maintenance and defect** guarantee for public improvements warranties the successful operation and maintenance of improvements. It guarantees the workmanship, materials, and design used in construction of all public maintained improvements required by the conditions of any permits or approvals issued pursuant to K.C.C. Titles 9, 14, 16, 19, or 21A. The applicant is also responsible for maintenance of the public road and drainage facilities, including the roadway surface, for a minimum of two years beginning on the date of satisfactory construction approval or final plat approval, whichever is later. The FG is accepted by DDES before Final Construction Approval and released by the King County Department of Transportation, King County Road Engineer after the minimum two-year period has elapsed, and the public improvements have been inspected and found satisfactory.

A **Landscape Installation and Maintenance** FG is required per K.C.C. chapter 21A.16 and, as a condition of the Hearing Examiner's Report, to guarantee landscaping installation per approved plans and landscaping maintenance for two years after planting or transplanting vegetation. The FG must be posted before recording of the subdivision. This FG shall be posted as cash, a surety bond, or an assignment of funds.

## Other financial guarantees that may be required

A **Sensitive Areas** FG is required for mitigation in sensitive areas pursuant to K.C.C. chapter 21A.24, in an amount sufficient to guarantee that all required mitigation measures are completed within the timeframe established by King County. A performance and maintenance guarantee shall also be required for restoration of a

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sensitive area or buffer not performed as part of a mitigation or maintenance plan, except that no FG shall be required for minor stream restoration carried out before issuing the building permit. The obligation to install, maintain, and monitor the mitigation measures set forth in the mitigation plan shall run with the land. Within 30 days following the execution of the Sensitive Areas Restoration Agreement, the applicant must provide proof that he/she has recorded a copy of the Agreement and its associated mitigation plan with the King County Department of Records and Elections. The recording shall be in addition to the Sensitive Areas Notice on Title provisions required by K.C.C. chapter 21A.24. Upon satisfaction of the terms of the Sensitive Area Restoration Agreement, the applicant may request that the County file a notice of satisfaction with the King County Department of Records and Elections. The FG for any sensitive area shall guarantee that all required mitigation measures will be completed no later than the time established by King County, in accordance with K.C.C. Title 21A.

### How are the values for these financial guarantees determined?

FG amounts are based on the schedules appropriate to the required work. Values on the Bond Quantity Worksheet (BQW) are updated on a periodic and frequent basis to ensure that the amount fully captures work element costs. Values are based on the R. S. Means construction costs data, adjusted for the Northwest Region. All FGs shall also include a contingency in an amount determined by the Director. The applicant or consultant will be provided with the appropriate BQW for the work that is required. The BQW will be completed by your consulting engineer or landscape architect, as applicable, AND DDES will verify the BQW against the approved plan.

### Why is it required that I post cash?

Cash guarantees enable the County to act swiftly when circumstances demand rapid action to either protect the safety of the public or to prevent damage to property. See DDES Public Rules Chapter 9-04 for more information.

### When will my financial guarantees be released and what must I do to initiate the release?

The **Right-of-Way Restoration and/or Site Stabilization/Restoration FG(s)** and the **Plat Improvement FG** will be released after the project receives final construction approval. The DDES site inspector will issue a final construction approval when all required work is complete and other requirements are met (i.e., applicable fees have been paid, Maintenance and Defect FGs have been posted, and final corrected mylars, if applicable, have been submitted to the Land Use Inspection Section of the King County Land Use Services Division). The Land Use Inspection Section will route a copy of the final construction approval to the Financial Guarantees Management Unit (FGMU) to initiate the release. The King County Office of Finance will issue a check that will be mailed directly to the person or entity who posted this amount.

The **Landscape Performance FG** will be released after landscaping has been installed, and DDES has verified compliance with the approved plan and indicated that the landscape maintenance FG has been posted. The developer must notify the King County Land Use Services Division in writing when all landscaping has been installed. The Landscape Maintenance FG will be released after the two-year guarantee period, following an inspection by DDES to verify that all plants are healthy.

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The **Sensitive Areas FG** will be released after the monitoring period has expired; all applicable reports have been submitted, reviewed, and approved by DDES; and all associated fees have been paid. The FG is not eligible for reduction to "Maintenance" status for at least three years.

The **Two-Year Maintenance and Defect for public roads and drainage facilities** will be released by the Department of Transportation, King County Road Engineer at least two years after the date that final construction approval is issued for the project, and the conditions specified in the FG are met.

## Other bulletins and telephone numbers that may be helpful

Bulletin 1	Building and Development Permit Telephone Numbers
Bulletin 2	Separate Lot
Bulletin 17A	Zoning Code: Overview and Summary
Bulletin 18A	Zoning Code: Permitted Use Tables
Bulletin 21	Sensitive Areas Review
Bulletin 25	Short Subdivisions
Bulletin 26	The SEPA Process
Bulletin 28	Clearing and Grading Permits
Bulletin 29	Drainage Review
Bulletin 31	Right-of-Way Use Permits
Bulletin 40	Financial Guarantees
206-296-6600	DDES Information
206-296-7110	DDES Financial Guarantees Management Unit (FGMU) Information Line



King County complies with the Americans with Disabilities Act (ADA). If you require an accommodation to attend a meeting (two weeks notice) or require this information in Braille, audiocassette, or large print, please call 206-296-6693 or TDD 206-296-7217.